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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

REPORT NO.

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SUBJECT	Plans to Start Production of High Speed Tool Steel in the DDR in 1952 to 1953	NO. OF PAGES	2
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1. The total amount of high-speed tool steel needed by the DDR in 1952 amounts to slightly less than 3,000 tons. In 1953, approximately 3,600 tons will be needed, of which about 60 percent is to be of ABC 3 quality and 40 percent of D quality. The steel is to be from 0.5 to 200 mm. in diameter. In addition to this, about 100 tons of sheet steel will be required. About the same amount of high-speed tool steel should be needed for the years 1954-1955.

2. No provisions for the production of high-speed tool steel are made in the approved investment plan for 1952, since it is not planned to make the necessary preparations for such production at the Döhlen, Finow, Delitzsch, Auerhammer and Kirchmöser plants until 1953 and 1954. Döhlen will take over the full production of high-speed tool steel, except for sheet rolling, after all the departments of the plant, except the cold forming shop, have been expanded; sheet rolling of the steel will take place at the Auerhammer plant.

3. In order to meet the demands of the SAG-Administration and the Ministry of Machine Construction to start production of high-speed tool steel as soon as possible, it would be necessary to invest money in 1952 which is allotted to 1953 and 1954. Authorities at Finow, Delitzsch, Döhlen and Kirchmöser agree that it would be possible to create a production capacity of about 300 tons per month in 1952 and to begin continuing production at the same level in 1953 if this were done. The following amounts would be needed:

Döhlen	3,030,000 DM East
Finow	679,000
Delitzsch	1,388,000
Kirchmöser	250,000
TOTAL	5,347,000 DM East

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It would be impossible to create a capacity for a full line of products in 1952, however, since additional investments cannot be used at Auerhammer in 1952. Also, all preparations for production could not be carried out at Döhlen before the end of 1952.

4. It would also be necessary to place a developmental order with the Ferrous Metals Research Institute in 1952 and to allot to the Institute about 200,000 DM East so that production experiments could be conducted and the factories concerned could gain production experience which would enable them to begin full-scale production in 1953. The experimental smeltings conducted thus far were inconclusive.

5. While creating production capacities in 1952, it would also be possible to produce 300 to 400 tons of high-speed tool steel in 1952 without interfering with other production already planned, provided the following steps are taken:

   a. The necessary quantities of ferro-molybdenum, ferro-tungsten and ferro-vanadium would have to be made available to the plants.

   b. Plans for the production of high-speed tool steel in 1952 would have to be approved by the Ministry of Finance, since this production is not provided for in the present accepted plan.

   c. Additional expenses already incurred in the project would have to be approved. The three trial smeltings already run cost 79,141.28 DM East. The effective cost is actually even greater, since one of the three smeltings was paid for with money from the experimental fund of the Ferrous Metals Research Institute.

6. If it is not possible to carry out the above-mentioned measures, it will be possible to make only the investments in 1952. Production would then only be started in 1953. Commitments for production of more than 300 to 400 tons can only be made for 1952 after investments have been approved and finances pertaining to production adjusted. A further condition is that necessary ferro-alloys above and beyond the needs for other production projects are made available. High-speed tool steel production commitments are predicated on an immediate sanctioning of investment requirements, for a delay in investments would have a great effect on the establishment of production capacities. Experience has shown that the implementation of investments is much more difficult during the latter half of the year.